MILLIMAN RESEARCH REPORT

2025 IFRS 17 disclosure report: Asia

Summary report

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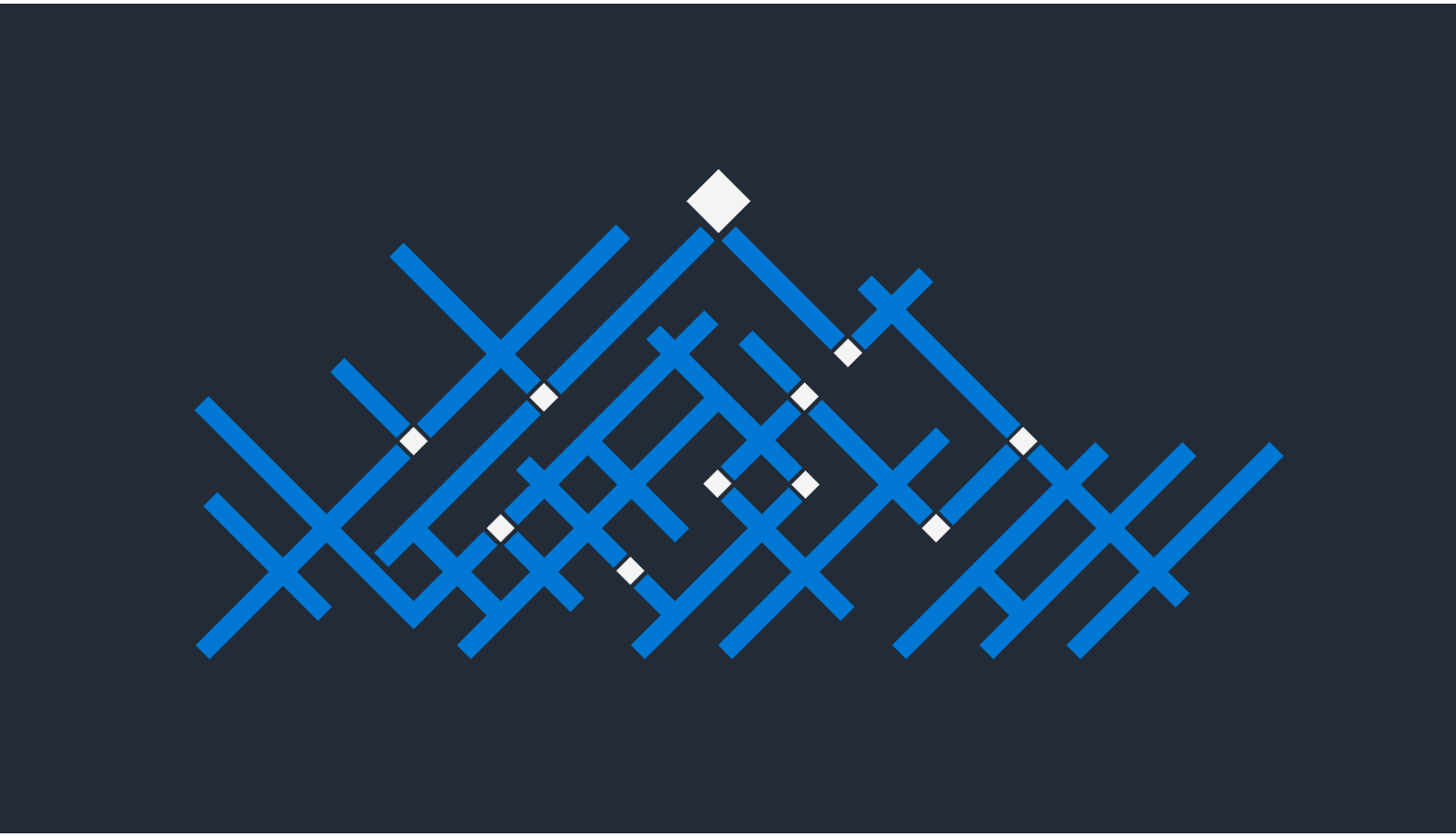

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Introduction

For most countries around the world, International Financial Reporting Standards 17 (IFRS 17) became effective on 1 January 2023. For some Asian insurance markets, such as South Korea, Hong Kong, Singapore and Malaysia, the standards also became effective from the same date. In the Chinese Mainland, the same effective date only applies for companies that are listed overseas and have adopted international accounting standards. For Chinese Mainland domestic insurers, the effective date was 1 January 2026. Thailand and Indonesia implemented IFRS 17 in January 2025, whereas Taiwan implemented the standards in 2026. The Philippines and India are expected to follow, with adoption planned for 2027. The timeline for IFRS 17 adoption in Vietnam is uncertain, and Japan has no immediate plans to implement it.

IFRS 17 requires an assessment of the profitability of insurance contracts when they are first issued. If they are determined to be positive, recognition of profit over the lifetime of the contracts should be done in a manner that reflects the timing of the insurance services provided by the insurer. Specifically, the main features of the new accounting framework for insurance contracts include:

- A fair value measurement of future expected cash flows, incorporating an explicit risk adjustment. Assumptions used in the projection need to be the current best estimate.
- A contractual service margin (CSM), which represents the unearned profits of the insurance contract to be recognised in profit and loss (P&L) as service is provided over the coverage period of the insurance contract (any loss is recognised immediately). The CSM is calculated at inception of the contract and then released in a systematic way per group of insurance contracts that best reflects the transfer of services provided under the contract. The CSM cannot be negative (except for reinsurance contracts), so losses from unprofitable contracts are immediately booked in the P&L statements.
- Companies are required to identify contracts that are onerous (loss-making) at inception and group them separately from non-onerous contracts. Companies are also required to group contracts written one year apart, although exemptions exist in some jurisdictions due to mutualisation effects across insurance contracts.
- Compared to the previous IFRS 4 framework (called Phase 1 and implemented in 2014), the presentation of results in the income statement and balance sheet has changed significantly. In particular, the key drivers of profit are shown in the P&L, with the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.

Based on IFRS 17 disclosures of selected insurance companies, we have produced this report giving a comparative analysis of key aspects of the IFRS 17 methodology and financial results. In particular, this report aims to provide inputs to the following questions:

- What are the key commonalities and differences in IFRS 17 methodology among the companies considered in the scope of the analysis?
- How does IFRS 17 impact the comprehensive equity as at 31 December 2024 and 31 December 2025, and how does this compare against embedded values?
- What is the impact of IFRS 17 on companies' profitability, including IFRS 17 net profit and non-GAAP operating profit metrics?
- What are the key drivers impacting IFRS 17 profitability, how do they compare across companies and how have they evolved over time?
- How does new business value creation look under IFRS 17, and how does this compare against a traditional embedded-value new business creation metric as at year-end 2024 and year-end 2025?
- What are the key drivers impacting companies' new business value creation under IFRS 17?

The information contained in the report is based on information publicly disclosed by selected companies as part of their normal disclosure process. Companies included in the analysis are selected global or domestic companies with material business in Asia. In this new edition, we have included disclosures from Thailand Companies prepared under local Thailand Financial Reporting Standards (TFRS). This includes both multinational subsidiaries operating in Thailand and local Thai life insurers. For those companies with both life and non-life business, the analysis primarily focuses on their life business. The following companies have been included:

- Multinational companies with material insurance business in Asia: AIA Group Limited (AIA), FWD Group Holdings Limited (FWD), HSBC Life Insurance (HSBC), Prudential PLC (Prudential), two Canadian multinational insurers—namely, Manulife Financial Corporation (Manulife) and Sun Life Financial Inc. (Sun Life)—and one European insurer, AXA (collectively referred to as 'Regional Companies').
- Companies with their main focus on Chinese Mainland: China Life Insurance Company Limited (China Life), China Pacific Life Insurance Co., Ltd. (CPIC), New China Life Insurance Co., Ltd. (NCI), The People's Insurance Company (Group) of China Limited (PICC), Ping An Life Insurance Company of China, Ltd. (Ping An) and China Taiping Life Insurance (Hong Kong) Company Limited (Taiping) (collectively referred to as 'China Companies').
- Companies operating either in Singapore or in Malaysia: Allianz Life Insurance Malaysia Berhad (Allianz), Maybank Ageas Holdings Berhad (Etiqa), Great Eastern Holdings Limited (Great Eastern), Hong Leong Assurance Berhad (Hong Leong; results based on end of June 2025), Income Insurance Limited (Income) and Singapore Life Holdings Pte. Ltd. (Singlife) (collectively referred to as 'Singapore and Malaysia Companies').
- Companies operating in Thailand: AIA Thailand (AIA TH), FWD Thailand (FWD TH), Thai Life Insurance Public Company Limited (TLI), Muang Thai Life Assurance Public Company Limited (MTL), Krungthai-AXA Life Insurance Public Company Limited (KTAL), Prudential Life Assurance (Thailand) Public Company Limited (PLT) and Allianz Ayudhya Assurance Public Company Limited (AZAY) (collectively referred to as 'Thailand Companies').

The report aims to provide initial insights into IFRS 17 financials and the impact on life insurance companies, based on publicly available information and our internal assessment. The observations do not attempt to be exhaustive, as we understand that methodologies and results for companies outside of those listed above may vary significantly. Approximations have been made in some areas, and the results would differ from those presented in this report should a different approach be used. It is also important to recognise that insurance companies have only recently started communicating about the impact of IFRS 17 on their business; consequently, the information contained in this report is time-sensitive and could evolve.

We have produced an executive summary of the full report, which we are sharing herein. If you would like to request a copy of the full report or discuss the IFRS 17 disclosure in any of the markets covered in this report in more detail, please contact one of the Milliman consultants listed at the end of the report.

Executive Summary

We have examined IFRS 17 disclosures for year-end 2025 from selected global and domestic insurance companies with substantial operations in Asia, emphasising the underlying methodologies and key financial results, including base case performance and sensitivity disclosures to various risks. It is important to note that our analysis does not aim to provide an exhaustive list of companies. Instead, we have selected representative companies for this study, acknowledging that methodologies and results for companies outside this scope may vary significantly.

In the methodology section, we conduct a comparative analysis based on the disclosed information across different regions and companies, covering measurement models, risk adjustments, discount rates, coverage units and transition approaches. Although IFRS 17 is largely principle-based, allowing companies to develop their own internal calculation methodologies based on their interpretation of the standard, certain similarities and differences are evident among the companies. For instance, there is a consistent application of the variable fee approach (VFA) for participating business and unit-linked products across regions, whilst both the general measurement model (GMM) and VFA are used for universal life contracts. The value at risk (VaR) approach is commonly used for the calculation of risk adjustments, although the confidence intervals vary among companies. Figures 1 and 2 provide a high-level view of the companies selected across the regions. Overall, although certain areas show there are consistent trends, the underlying methodologies exhibit significant diversity, contributing to variations in results amongst the companies.

FIGURE 1: EXECUTIVE SUMMARY OF KEY DISCLOSED METHODOLOGY OF SELECTED COMPANIES ACROSS REGIONS

	REGIONAL	CHINESE MAINLAND	SINGAPORE AND MALAYSIA	THAILAND
Measurement Model	Largely consistent for key products, with participating and unit-linked under VFA			
Valuation Technique	All use a method similar to typical economic balance sheet calculations			
Risk Adjustment	Primarily use VaR, except for two companies that use a margin approach	Mainly use VaR except for three companies that use a cost of capital (CoC) approach		
Discount Rate	The majority use the bottom-up approach, except for three companies	All use the bottom-up approach		The majority use the bottom-up approach, except for two companies
Coverage Unit	More information on the insurance services compared to the investment services			
Disaggregation of Insurance Finance Expense	Primarily choose the other comprehensive income (OCI) option for certain business lines			
Transition Approach	All three approaches are used, but the modified retrospective approach (MRA) is less common among Regional Companies			Majority use FVA due to data constraints

We have analysed the key results from the IFRS 17 disclosures and compared them to other metrics from supplementary information disclosed by companies, where applicable. The results appear to be region-specific, prompting us to compare key selected financials among companies within each region and conduct a regional comparative analysis, which is summarised in Figure 2.

Notable differences in asset classification under IFRS 9 are observed across companies, particularly in the measurement of debt and equity securities, with varying use of fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Comprehensive equity, defined as the sum of IFRS 17 shareholders' equity and net of tax CSM, is disclosed by Regional Companies but not by China Companies or Singapore and Malaysia Companies. Although IFRS 17 net profit remains a crucial metric for all, Regional Companies also use non-GAAP operating profit measures to provide a longer-term perspective on profitability, excluding short-term market fluctuations.

In terms of new business value creation, our analysis of new business CSM (NB CSM) versus traditional embedded value metrics such as value of new business (VNB) indicates no consistent trend among companies or within one geography, as it is driven by valuation basis differences that may vary significantly across different companies or regions.

Our sensitivity analysis indicates that all companies within the scope disclose the impacts of insurance and market risks on P&L and shareholders' equity. However, only Regional Companies and a few companies from Singapore, Malaysia and Thailand also report the impacts on the CSM. Among insurance risks, the companies in scope are most sensitive to mortality and morbidity risks, with varying degrees of impact from lapse and expense risks. Regarding market risks, the effects on equity or P&L due to interest rate and equity price fluctuations differ. Additionally, we observe that the P&L impact from market risks can be mitigated by using the OCI option for both assets and liabilities.

FIGURE 2: EXECUTIVE SUMMARY OF KEY DISCLOSED RESULTS OF SELECTED COMPANIES ACROSS REGIONS AS AT YEAR-END 2025

		REGIONAL	CHINESE MAINLAND	SINGAPORE AND MALAYSIA	THAILAND
Asset Classification	**Debt**	Mainly FVOCI		Mix of FVOCI and FVTPL	Mainly FVOCI
	Equity	Mainly FVTPL		Mix of FVOCI and FVTPL	Mainly FVOCI, except for two companies that use mainly FVTPL
Non-attributable Expense* to Total Expense		8% to 34%	27% to 42%	7% to 51%	NA
Comprehensive Equity* to Embedded Value		111% to 123%	80% to 125%	76%	42% to 112%
Profitability		Stable net profit. Non-GAAP performance metrics are also disclosed	Relatively stable net profit except for one	Relatively stable net profit	Relatively stable net profit
New Business CSM to VNB		102% to 165%	96% to 193%	93% to 168%	67%** to 170%
Implied CSM Release Rate*		8% to 12%	7% to 12%	5% to 13%	9% to 16%
Discount Rate (implied illiquidity premium)		USD: 30bps to 85bps HKD: 35bps to 85bps CNY: 30bps to 65bps	Not disclosed	USD: 10bps to 90bps SGD: 25bps to 180bps MYR: 15bps to 50bps	THB: 30 bps to 230 bps (for longer tenors)
Sensitivities	**Insurance**	Most sensitive to mortality and morbidity risks			
	Market	Company specific and highly affected by risk management practices			

*Non-attributable expenses can also relate to other services, such as fee business or other financial services. Thai insurers tend to not disclose information on split between attributable and non-attributable expenses.

**For most companies, the impact of reinsurance on NB CSM is not material; however, for companies where reinsurance has a more significant effect, NB CSM is presented gross of reinsurance. As a result, ratios may not be fully comparable across companies.

Gross-of-tax CSM is used for the comprehensive equity for China Companies and Singapore and Malaysia Companies since they do not disclose net-of-tax CSM. Implied CSM release rate is defined as CSM release / (NB CSM + Gross CSM BOP).

We hope you find this information useful. Milliman would be pleased to discuss the topics above in more detail, gather your feedback and explore how we can support your business objectives.

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